



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

OCT 24 2005

VIA FAX (301-967-4594) AND FIRST CLASS MAIL

Mary I. McHugh, Associate General Counsel
International Association of Machinists and Aerospace Workers
and Machinists Non Partisan Political League
9000 Machinists Place
Upper Marlboro, MD 20772-2687

RE: MUR 5386
International Association of Machinists and
Aerospace Workers District Lodge 141-M
and Local Lodge 1487;
Machinists Non Partisan Political League
and Warren Mart, in his official capacity
as Treasurer;
International Association of Machinists and
Aerospace Workers District Lodges 141 and
142

Dear Ms. McHugh:

On October 14, 2005, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on your clients' behalf in settlement of a violation of 2 U.S.C. §§ 441b and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. §§ 110.4 and 102.6. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

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Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact April J. Sands or Audra L. Wassom, the attorneys assigned to this matter, at (202) 694-1650.

Sincerely,



April J. Sands
Attorney



Audra L. Wassom
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

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In the Matter of)
)
International Association of Machinists and)
Aerospace Workers District Lodge 141-M and)
Local Lodge 1487)
)
Machinists Non Partisan Political League and)
Warren Mart, in his official capacity as Treasurer;)
)
International Association of Machinists and)
Aerospace Workers District Lodges 141 and 142)

MUR 5386

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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CONCILIATION AGREEMENT

This matter was initiated by a complaint filed with the Federal Election Commission ("the Commission") by Mark Sassman. The Commission found reason to believe that the International Association of Machinists and Aerospace Workers ("IAMAW") District Lodge 141-M, IAMAW Local Lodge 1487, and Machinists Non Partisan Political League and Warren Mart, in his official capacity as Treasurer ("MNPL") violated 2 U.S.C. §§ 441b and 441f and 11 C.F.R. §§ 110.4 and 102.6. Subsequently, the Commission also found reason to believe IAMAW District Lodges 141 and 142 violated 2 U.S.C. §§ 441b and 441f and 11 C.F.R. §§ 110.4 and 102.6. IAMAW Local Lodge 1487 and District Lodges 141, 141-M and 142 are referred to collectively hereinafter as "IAMAW Respondents."

NOW, THEREFORE, the Commission and the Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

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I. The Commission has jurisdiction over the Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondents enter voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

Facts

1. The International Association of Machinists and Aerospace Workers (“IAMAW”) union represents 730,000 members across North America and currently administers 5,000 collective bargaining agreements for its members working in government, as well as aerospace, transportation and other industries.

2. IAMAW District Lodges 141, 141-M, 142, and IAMAW Local Lodge 1487 are subordinate labor organizations affiliated with the IAMAW.

a) IAMAW District Lodges 141 and 141-M were located primarily in Illinois and California and managed the collective bargaining agreements for employees of US Airways, United Airlines, and some other small, independent carriers. District Lodge 141-M was created in 1999 to represent mechanic and related employees of those airlines that had previously been represented by District Lodge 141. The Secretary Treasurers for IAMAW District Lodge 141 for the relevant period were Alfred Carmona (2000-2002) and William Lowe (2003-2004). The Secretary Treasurer for IAMAW District Lodge 141-M for the relevant period was David

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Mitchell. IMAW District Lodge 141-M was merged into IMAW District Lodge 141 on May 31, 2004.

b) IMAW District Lodge 142 represented all employees, except pilots, with TWA, and currently represents public contact employees with Southwest Airlines, flight attendants with Continental and Continental Micronesia, and mechanic and related employees with U.S. Airways and some other small or regional carriers such as Aloha and Air Wisconsin. IMAW District Lodge 142 also represents some employees of foreign flag carriers such as British Airways and Aero Mexico. The Secretary Treasurer for IMAW District Lodge 142 for the relevant period was Robert Haynes.

c) IMAW Local Lodge 1487 is an affiliate of the IMAW located in Chicago, Illinois. Local Lodge 1487 is also affiliated with the IMAW's air transportation districts, including District Lodges 141, 141-M and 142. Most of Local Lodge 1487's membership was employed by United Airlines and represented by District Lodges 141 and 141-M. The Secretary Treasurer for IMAW Local Lodge 1487 for the relevant period was John Patrick.

3. The Machinist Non Partisan Political League ("MNPL") is the federal separate segregated fund of IMAW. Warren Mart is the current Secretary Treasurer of MNPL. Warren Mart is also the General Secretary Treasurer of IMAW. All of MNPL's officers are also officers or high-level employees of IMAW.

4. IMAW district and local lodges, including District Lodges 141, 141-M, 142 and Local Lodge 1487, are collecting agents for MNPL. The MNPL Conference Planning Guide distributed at MNPL conventions makes clear reference to the district and local lodges as

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“collecting agents” for the PAC. An officer of the district lodges usually served as “Director of MNPL” for the district.

Law

5. 2 U.S.C. § 441f prohibits: (1) making a contribution in the name of another person; (2) knowingly permitting one’s name to be used to effect such a contribution; and (3) knowingly accepting such a contribution. 2 U.S.C. § 441f. In addition, no person may knowingly help or assist any person in making a contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii). This prohibition also applies to any person who provides the money to others to effect contributions in their names. 11 C.F.R. § 110.4(b)(2).

6. Unions are prohibited from making contributions or expenditures from their general treasury funds in connection with any election of any candidate for federal office. 2 U.S.C. § 441b(a). Section 441b(a) also makes it unlawful for any candidate, political committee, or other person knowingly to accept or receive a contribution prohibited by section 441b(a).

Convention and Conference Registration Fees

7. For a number of years, going back at least as far as the early 1990s, IMAW District Lodges 141, 141-M, and 142 have held various conventions and conferences at which delegates paid registration fees ranging from between \$30 and \$50. Members of Local Lodge 1487 attended IMAW District Lodge conventions and conferences.

8. Between 2000 and 2003, during at least twenty of these conventions and conferences, and in accordance with what was a longstanding practice, delegates to these IMAW District conventions and conferences voted to contribute their registration fees to

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MNPL, their national union's separate segregated fund. Those funds were largely listed as unitemized federal political contributions. Some delegates even wrote their checks for registration fees directly to MNPL assuming the convention would vote to contribute the fees to MNPL.

9. Many of the delegates from Local Lodge 1487 and District Lodges 141, 141-M, and 142 to those IAMAW district conventions and conferences were reimbursed by their district or local lodge for the registration fees the delegates paid to attend the conventions. The reimbursements, which were made out of union general treasury funds, were made as part of a standard practice of reimbursing delegate expenses.

10. Given the longstanding practice, Local Lodge 1487 and District Lodges 141, 141-M, and 142 and at least some of the individual delegates knew that in most, if not all, cases that the registration fees had been or were going to be contributed to MNPL. An officer of the district lodges usually served as "Director of MNPL" for the district. In the case of District Lodge 141, the Director of MNPL was also the Secretary Treasurer of the district and was one of the people responsible for issuing reimbursements. He knew the registration fees were contributed to MNPL.

11. Between 2000 and 2003, MNPL received a total of approximately \$100,765 in contributions that could be attributed to delegates to the District Lodge 141, 141-M, and 142 conventions as a result of motions to contribute registration fees. The twenty conventions and

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conferences at which the delegates voted to contribute their registration fees to MNPL are set forth below.¹

<u>Date</u>	<u>Organizational Unit</u>	<u>Contributions</u>
3/1/2000	District Lodge 141 (Conference)	\$4,800
3/29/2000	District Lodge 141-M (Conference)	\$4,650
5/12/2000	District Lodge 141 (Conference)	\$7,800
5/12/2000	District Lodge 141 and 141-M (Conference)	\$3,300
7/19/2000	District Lodge 141 (Conference)	\$3,550
10/18/2000	District Lodge 141-M (Convention)	\$8,700
10/31/2000	District Lodge 141 (Convention)	\$11,150
10/2000	District Lodge 142 (Convention)	\$2,340
6/12/2001	District Lodge 141 (Conference)	\$2,950
7/11/2001	District Lodge 141 (Conference)	\$1,100
10/2001	District Lodge 142 (Convention)	\$2,740
11/19/2001	District Lodge 141 (Conference)	\$4,150
12/31/2001	District Lodge 141 (Conference)	\$3,000
12/2001	District Lodge 141 (Convention)	\$12,400
6/11/2002	District Lodge 141 (Conference)	\$3,000
9/12/2002	District Lodge 141 (Conference)	\$2,425
9/23/2002	District Lodge 141 (Conference)	\$4,300
10/2002	District Lodge 141 (Convention)	\$13,350

¹ The dates provided are approximate and represent the date MNPL received and logged the contributions rather

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12/3/2002	District Lodge 141 (Conference)	\$3,300
10/2003	District Lodge 142 (Convention)	\$1,760

Many delegates from Local Lodge 1487 and District Lodges 141, 141-M, and 142 were later reimbursed out of union general treasury funds for registration fees paid at the above conferences and conventions.

12. Respondents contend that the Respondent IMAW district and local lodge officers that reimbursed the members for their registration fees did not recognize that reimbursing the registration fees that had been contributed to MNPL violated the law. The financial officers of the IMAW Respondents were not trained or instructed in the law of collecting, soliciting, or forwarding contributions to MNPL. Further, the IMAW Financial Officers' Reference Manual distributed to financial officers during the relevant period did not contain any instructions or legal prohibitions on collecting, soliciting, or forwarding contributions to MNPL.

13. MNPL has created a document, titled "Important Reminders About MNPL Fundraising," that is currently being distributed to all IMAW financial officers. The document specifically states, "contributions to MNPL are never reimbursable." MNPL also has conducted an internal review of other IMAW Districts that serve as collecting agents, and has represented to the Commission that during the last five years it has received no contributions from reimbursed convention and conference registration fees other than those set forth in this Conciliation Agreement.

than the date of the actual convention However, the dates are close in proximity to the conventions

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V. The IMAW Respondents violated 2 U.S.C. §§ 441b and 441f by making prohibited contributions from union general treasury funds and by making contributions in the names of others. MNPL violated 2 U.S.C. §§ 441b and 441f by accepting prohibited contributions from union general treasury funds and accepting contributions made in the names of others.

VI. A) Respondents will pay a joint civil penalty of \$151,000 to the Federal Election Commission pursuant to 2 U.S.C. § 437g(a)(5)(B).

B) Respondents will cease and desist from violating 2 U.S.C. §§ 441b and 441f.

C) Respondents have created a one page document, titled "Important Reminders About MNPL Fundraising," that will be distributed to all IMAW financial officers by mail within 30 (thirty) days of the date of this Agreement. This document specifically states "contributions to MNPL are never reimbursable." In addition, all auditors will be required to present the one-page document referenced above when interacting with IMAW financial officers on official Union-related business for six months after this Agreement is executed. All auditors will also be required to carry a copy of the one-page document at all times when on official union-related business. Lastly, all auditors will be required to distribute a copy of the one-page document when a new IMAW financial officer is elected and/or appointed.

D) Respondents previously transferred \$93,925 from the MNPL federal account to the MNPL Education Fund (the non-federal account) in an effort to mitigate the violation caused by contributing general treasury funds to MNPL through the reimbursements of the registration fees. The remaining \$6,840 from the District 142 conventions will be transferred

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from the MNPL federal account to the MNPL Education Fund within 30 days of the execution of this agreement.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

Lawrence H. Norton
General Counsel

10/24/05
Date

BY: Rhonda J. Vosdingh
Rhonda J. Vosdingh
Associate General Counsel

FOR THE RESPONDENTS:

Mary I. McHugh
Mary I. McHugh
Associate General Counsel
International Association of Machinists
and Aerospace Workers and
Machinists Non Partisan Political League

9/30/2005
Date

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